

MODEL BY-LAWS

For

**WORKER
CO-OPERATIVES**

1. NAME AND AREA OF OPERATION:

The Cooperative shall be called Worker Co-operative Limited here in after referred to in these By-laws as "The Cooperative" and its area of operation shall be :**Ward**,..... **Sub County**, **County**.

2. REGISTERED OFFICE / POSTAL AND EMAIL ADDRESS:

- (i) The registered office of the Cooperative shall be atBuilding,.....Street/Road,Town/**Township**
- (ii) The postal address of the Cooperative shall be **P.O. Box**
- (iii) The email address of the shall be.....

Notice of any change of address shall be given to the Commissioner for Co-operative Development, herein after referred to as 'The Commissioner' and to all Members of the Cooperative through their last known address as per records held at the Cooperative within 30 days of such change.

3. DEFINITIONS / INTERPRETATIONS

3.1 In these By-laws unless the context otherwise suggests words or phrases shall be defined / interpreted in accordance with the Cooperative Societies Act Cap 490 Laws of Kenya and the Rules made there under, herein after referred to as the "Act" and "Rules" respectively.

3.2 In these By-laws save as otherwise expressly stated:

- (i) **"General Meeting"** shall be either "Annual" or "Special" meeting for all members duly convened to transact business of the Cooperative. Where a Cooperative has adopted the delegate system of representation, a delegate meeting shall be deemed to be a general meeting for the purpose of these by laws.
- (ii) **"Management Committee"** shall be the committee elected in a duly convened General Meeting to govern the business of the Cooperative as per these By-laws.

- (iii) **“Commissioner”** shall mean “the Commissioner for Cooperative Development, as provided for in the Act.
- (iv) **“Tribunal”** shall mean the Co-operative Tribunal established under the Act to hear and determine disputes.
- (v) **“Share”** shall mean the amount represented by a Member's portion in the equity of the Society as co-owner.
- (vi) **“Applicable Law”** shall mean the Co-operative Societies Act, Rules, these By-laws and any other Laws and Regulations relevant for the carrying out of the business of the Cooperative.
- (vii) **“Returning Officer”** shall mean a County Director/Commissioner for Cooperatives or his/her representative presiding over elections.
- (viii) **“Dividends”** shall mean a Member's share of the surplus of the Cooperative which is divided amongst its Members on declaration of surplus after Audit is done.
- (ix) **“A Member”** includes a person or an unincorporated or incorporated bodies joining the Cooperative.
- (x) **“Common bond”** shall mean a factor that binds the Members and which forms the basis for registration of the Cooperative.
- (xi) **“Capital”** means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations.
- (xii) **“Supervisory committee”** means an oversight committee elected at the General Meeting.
- (xiii) **“Umbrella of the Cooperative”**-means a factor that defines persons working under the ambit of the cooperative either as employees or as independent professions or artisans.

Any questions concerning interpretations of these By-laws or any matters not provided for therein' shall be referred to the Commissioner.

4 OBJECTS

4.1The object for which the Cooperative is established is to organize and promote the welfare and economic interests of its members in

accordance with the Co-operative Values and Principles.

4.2 In particular the Cooperative shall -

- (i) Create and maintain sustainable jobs for its members
- (ii) Ensure personal growth of members through introduction of new products, innovations and services.
- (iii) Arrange for cooperative production, marketing and distribution of the cooperative produce
- (iv) Promote shared ownership and management of the cooperative by members
- (v) Promote thrift amongst its members by affording them an opportunity for accumulating their savings and deposits and create thereby a source of fund from which advances can be given them exclusively for providence and productive purposes at fair and reasonable rates
- (vi) Provide customers with professional, high quality and cost-effective products and services
- (vii) Provide members with necessary tools and equipment for efficient and effective service delivery
- (viii) Provide members with avenues for economic growth through partnerships with other cooperatives
- (ix) Offer skill and mentorship programs to members on management and production for sustainable growth of the Cooperative
- (x) Ensure progress of Members and the Society through continuous education programs on safety, business skills, credit management & utilization, reduction of poverty, enhancement of human dignity and co-operation.
- (xi) Apply the Co-operative Principle of Cooperation among Cooperatives in order to promote Members' interests. in furtherance to the objects, the Cooperative shall affiliate to the relevant Cooperative Union, professional body and the Apex Society.
- (xii) Enter into joint venture, partnerships and collaborations for the benefits of its members.

4.3 For the attainment of the above objects, the Cooperative may act and do things that are permissible under the Act, Rules and these By-laws, and incidental or consequential to the economic enhancement of

Members, provided that such acts are approved by the General Meeting.

5. CO-OPERATIVE PRINCIPLES AND VALUES

The Cooperative shall act in accordance with the following Co-operative Principles and Values.

5.1 Principles

(i) Open and Voluntary Membership

The Cooperative shall always be guided by the policy of voluntary and open membership in its Member recruitment drives without political, religious, gender or social discrimination.

(ii) Democratic Member Control

The Cooperative will be fully controlled by Members who will have equal voting rights on the basis of one member one vote.

(iii) Economic Participation by Members

Members shall contribute equitably to the capital of the Society and share in the results of its operations.

(iv) Autonomy and Independence

The Cooperative shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

(v) Education, Training and Information

The Cooperative shall foster reciprocal, on-going education programmes for Members, Committee, Staff and the Community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.

(vi) Co-operation among Co-operatives

In order to better serve the interests of the Members and the community,

the Cooperative shall actively co-operate with other Cooperatives locally, regionally, nationally and internationally.

(vii) Concern for Community in General

The Cooperative shall show concern to the community in which it exists and operates.

5.2 Cooperative Values

The Cooperative shall uphold the values of self-help, democracy, solidarity, equality and equity. It shall practice the ethical values of honesty, openness and social responsibility in all its activities.

6. MEMBERSHIP

Membership shall consist of: -

- (i) Original Members who signed the application for registration.
- (ii) New Members subsequently admitted in accordance with these By-laws.

7. QUALIFICATIONS FOR MEMBERSHIP

A person who possesses the following qualifications shall be eligible for membership: -

- (iii) Is within the field of membership consisting of the following – members of profession or trade/artisans or business line and working within the umbrella of the cooperative and market their produce /services collectively through the cooperative
- (iv) Has attained the age of 18 years.
- (v) Is of good character and sound mind
- (vi) Pays the entrance fee and share capital prescribed in these By-laws.

Provided that no member shall belong to more than one Cooperative having similar objects operating within the same area of operation.

8. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an “Application for membership” form. This form shall be drawn to show all the information required for the purpose of Members register.

9. ADMISSION INTO MEMBERSHIP

- (i) An applicant shall be admitted to membership on application and payment of an entrance fees of Kshs..... and paid in full for at least a minimum of shares of Kshs..... each, and as shall be fixed by the General Meeting from time to time.
- (ii) Members shall be admitted by the Management Committee subject to confirmation by the General Meeting.
- (iii) On admission a Member shall sign her name in the register of Members in the presence of two Committee Members to indicate his/ her acceptance of these By-laws.

- (iv) The Member shall also fill a nominee form and be issued a Member Identification Number.
- (v) A person shall admit into membership after completion of a probation period of six months or as shall be prescribed by the cooperative policy.

10. REFUSAL OF ADMISSION

The Management Committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting through a member.

11. RIGHTS OF MEMBERS.

A member of the Society shall have the right to:

- (i) Attend, vote and participate in all decisions taken at General Meetings;
- (ii) Be elected to organs of the Society, subject to these By-laws;
- (iii) Enjoy the use of all the facilities and services of the Society subject to these By-laws;
- (iv) Access all information relating to the Society, including: internal regulations, registers, minutes of General Meetings, Supervisory Committee reports, annual accounts, inventories and investigation reports at the Society's head office, except those documents deemed to be of confidential nature.

12. OBLIGATIONS OF MEMBERS

A member the Society shall have the obligation to:

- i. Observe and comply with all the Society By-laws, Regulations and decisions taken by the relevant organs of the Society in accordance with these By-laws.
- ii. Buy and pay up for shares or make any other payments as provided for in these By-laws.

- iii. Meet the debts of the cooperative in case of bankruptcy in accordance with the provisions of these By-laws and the Act.

13.MEMBERS PERSONAL STATEMENT

Every Member shall receive regular statements at least once every six months, which shall contain particulars of membership, shares, deposits and details on transactions with the cooperative.

14.CESSATION OF MEMBERSHIP

Membership in the cooperative shall cease with effect from the date of:

- (i) Death
- (ii) Withdrawal.
- (iii) Expulsion.
- (iv) Being certified insane.
- (v) Being undischarged bankrupt.
- (vi) Transferring all shares to another member
- (vii) Ceasing to hold qualifications for membership as prescribed for in these by laws.

15.SUSPENSION /EXPULSION

The Management committee may suspend a member, subject to the decision of the General Meeting to expel such a member , who:

- (i) Fails to fulfill obligations to the cooperative whether stated in these By-laws, general internal regulations, a General Meeting resolution or is in contravention of any other legal requirements, provided that such member was called upon to do so but failed,
- (ii) Acts in any manner prejudicial to the interests of the cooperative,

Provided that no member shall remain in suspension for period exceeding twelve months.

16. PROCEDURE FOR SUSPENSION/EXPULSION

- (i) Upon proof (written or otherwise) that a member has committed an offence punishable by expulsion, the Management Committee shall serve thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and shall require the member to file a defense.
- (ii) Upon the expiry of the 30 days and after taking into consideration the member's defense if any, the Management committee shall initiate an administrative inquiry and make a decision on its finding within fifteen (15) days. The Committee may suspend the member pending expulsion by the General meeting or impose any other sanction as provided for in applicable law.
- (iii) A member who is suspended by the Management committee may appeal to the next General meeting which shall have power to reinstate or expel the member.
- (iv) A member who is expelled from the cooperative shall have the right to appeal to the Tribunal, if aggrieved by such expulsion.

17. WITHDRAWAL FROM THE COOPERATIVE

A Member may at any time withdraw from the cooperative by giving at least sixty (60) days written notice to the Management committee

18. PAYMENT ON CESSATION OF MEMBERSHIP

On cessation of membership, a person shall be refunded the following amounts after deduction of any debts owed to the cooperative as borrower, endorser, and guarantor or otherwise: -.

- (i) Any dividends or interests due to the member, and
- (ii) Any deposits or other sums held by the cooperative on a member's behalf

Provided that a member's shares held in the cooperative shall not be refundable but only transferable to another member.

19.NOMINEE

- (i) Every member shall nominate in writing one or more persons as her nominee to whom upon her death, shares, deposits or other interests shall be vested.
- (ii) The nominations shall be attested to by two witnesses who are Members of the Society.
- (iii) The names of such nominee(s) shall be entered in the Members Nominee Register.
- (iv) A Member shall have the right to change her nominee(s) in writing in the presence of two attesting witnesses who are Members of the Society.

20.PAYMENT TO NOMINEE

(i) The cooperative, after satisfying itself and obtaining documentary proof of the death of the member as it may consider necessary, shall within 60 days pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the cooperative, if any.

(ii) In the event where upon the death of a member a nominee does not exist, the cooperative shall pay to the administrator of the estate of the deceased member, the value of the deceased Member's deposits, interest and dividend after deducting monies owed to the operative, if any.

21.ADMISSION OF NOMINEE

- (i) In the event of the death of a member, the Management committee may admit the nominee to the cooperative if the nominee meets the required qualification for membership of the cooperative.
- (ii) All the interests of the deceased member shall be transferred to the nominee once admitted to membership.
- (iii) However, the nominee shall be required to make a formal application for membership to the cooperative in the prescribed form, within six months of the death of the member.

22. SOURCES AND APPLICATION OF FUNDS

22.1 The funds of the cooperative shall consist of:

- (i) Entrance fee
- (ii) Share Capital,
- (iii) Commissions
- (iv) Deposits/savings from members and non-members
- (v) Administration fees and penalties,
- (vi) Transfer fees.
- (vii) Dividend and interests from investments
- (viii) Statutory reserve fund and any other reserve fund as may be kept by the cooperative
- (ix) Any surplus resulting from operations of the cooperative.
- (x) Loans from members and non members
- (xi) Any donations, gifts and grants from other bodies, organizations and individuals.
- (xii) Funds from lawful miscellaneous sources

22.2 The funds of the cooperative shall only be applied to the promotion of the stated objects of the cooperative as set forth in these By-laws, and may be invested in:

- i. Such investments and securities as are authorized for investments of trust funds
- ii. Government bonds, treasury bills, and unit funds,
- iii. The shares of any other Co-operative,
- iv. Any bank licensed under the Banking Act,
- v. The stock of any statutory body established in Kenya or in any

limited liability company incorporated in Kenya.

- vi. Loans to members.
- vii. Any other manner approved by the General Meeting of the cooperative

23. SHARES

Every member shall hold a minimum number of shares of Kshs.....each, or as shall be fixed by the General meeting. However, no member shall hold more than one-fifth (1/5) of the total shares of the cooperative.

24. TRANSFER OF SHARES

- (i) With the approval of the Management committee, a member may at any time transfer shares to another member, such transfers must be in writing and at nominal value.
- (ii) All transfers of shares between members shall be registered with the cooperative and no transfer shall be valid unless so registered.
- (iii) A fee of Kshs. shall be payable upon such transfer.
- (iv) The purchaser shall not be bound to oversee to the regularization of transfer of such shares. The validity of the sale shall not be impeached by any person.

25. LIABILITY

- (i) The liability of a member shall be limited to the nominal value of the shares held in the cooperative.
- (ii) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

26. POWER TO BORROW

- (i) Loans may be obtained from non- members subject to the maximum and terms approved by the General Meeting and commissioner for co-operative development.
- (ii) For the securing of any loans accepted by the cooperative under paragraph (i) above, the cooperative may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting subject to approval by the commissioner for cooperative development.
- (iii) The rate of interest on loans shall not exceed the current market rates.

27. RECEIPTING OF MONEY

- (i) The cooperative may use Electronic Funds Transfer, Mpesa, mobile banking or standing orders for any payments for members shares, deposits, loan repayments or services and any other payments.
- (ii) When direct payments have to be made, they shall be paid directly into the cooperative's bank account or licensed Deposit Taking Saccos' account and an official receipt be issued by the cooperative on submission of the banking slip.
- (iii) Money received on account of shares, deposits, loans, interest fees or fines shall be evidenced by a printed receipt in a form approved by the Management committee. Every member paying the cooperative shall be identified on the receipt.
- (iv) Should the receipt issued to the member by the cooperative be lost or destroyed, immediate notice of such fact shall be given to the Treasurer who may be authorized by the Management committee to issue a duplicate receipt.
- (v) The Management committee may require the member to sign an indemnity to protect the cooperative against any loss due to the issuance of such duplicate.

28. PAYMENT / DISBURSEMENT.

Payments made by the cooperative shall be evidenced in writing in a form approved by the Management committee, upon written request

29. STATUTORY RESERVE FUND

- (i) The cooperative shall pay into the reserve fund account maintained in pursuance to the provisions of Section 47 of the Act and shall credit **20%** of the net surplus resulting from the operations of the cooperative during a financial year.
- (ii) The Reserve Fund of the cooperative shall be invested in cash or near cash investments such as government bonds ,fixed deposit accounts or unit trusts .

- (iii) The Reserve Fund shall be indivisible and no member shall be entitled to claim any share of it.
- (iv) No withdrawal shall be made from the reserve fund of the cooperative without a resolution from the General Meeting and a written approval from the Commissioner.

30. GENERAL MEETING

30.1 The Supreme Authority of the cooperative shall be vested in the General Meeting of Members. Such meetings shall be held as follows: -

- (i) An Annual General Meeting shall be convened within four months after the end of the cooperative's financial year.
- (ii) Any business not completed at the Annual General Meeting, may be taken up at a subsequent Special General Meeting of the cooperative.

30.2 A Special General Meeting of the Society may be held: -

- (i) When convened by the Management committee.
- (ii) When convened by the Commissioner.
- (iii) When convened by the Management committee within 15 days of receipt of a written request of at least members or one fourth (1/4) of the members, whichever is less. If the Committee fails to convene a meeting within fifteen days of receiving notice under the Act, the members demanding the meeting may themselves convene the meeting by giving notice to the other members of the cooperative, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.

Provided that when the General meeting is convened at the request of the members, the request must be deposited by registered mail at the cooperative's address or delivered to the manager at the cooperative offices within normal working hours.

30.3 Physical and virtual General Meetings

- (i) Except as provided herein, the cooperative shall hold its general meetings physically.

(ii) Despite subsection (1), the cooperative may, hold its general meeting virtually or a hybrid of virtual and physical meeting in exceptional circumstances and subject to compliance with such requirements as may be prescribed in the regulations or by any other written law.

31. DUTIES OF ANNUAL GENERAL MEETING

31.1 The Annual General meeting shall have the powers and duties prescribed in the Act, Rules and these By-laws. In particular it shall transact the following ordinary business;

- i. Reading and confirmation of minutes of the previous general meetings.
- ii. Consider reports of Committees, the Commissioner or his/her representative, the audited accounts and the cooperative 's activities during the past financial year.
- iii. Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act and Rules.
- iv. Elect or remove members of the Management committee and the Supervisory committee, subject to the Act, Rules and these By-laws.
- v. Fix the indemnity for the elected Committee members and management staff.
- vi. Consider recommendations of the Management committee, appeal against suspensions of members and refusals of membership by the Management committee.
- vii. Fix the maximum liability which the cooperative may incur in loans and deposits from both Members and non-members.
- viii. Approve the estimates of income and expenditure for the financial year following the General Meeting.
- ix. Fix honoraria if any, for the Management and Supervisory committees.

- x. Decide the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members.
- xi. Appoint auditors of the cooperative for the ensuing year.
- xii. Appoint bankers for the cooperative where necessary.
- xiii. Affiliate the cooperative to the relevant union or National Co-operative Organization;
- xiv. Receive and consider reports of the Supervisory Committee.
- xv. Transact any other business of the cooperative for which notice has been given to members in the manner prescribed in these By-laws.

31.2 All Members shall be allowed to attend the General Meeting and participate in its deliberations; however, they may be required to identify themselves.

32. RECORD OF BUSINESS

- (i) All business discussed and decided at the General Meeting shall be recorded in a minute book and shall be signed by the Chairman of the meeting and one Committee member present at the meeting.
- (ii) At the next meeting printed copies of the minutes shall be availed to members, and after approving any alterations or variations which shall be immediately written below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the Chairman to sign and date the final record.

33. DISCIPLINE DURING GENERAL MEETINGS.

- (i) All Members shall be expected to observe law and order at the General Meetings.
- (ii) No Member will be allowed to attend the General Meetings while drunk and disorderly. All reasonable means will be applied by the

Committee and Members and law enforcement officers to have such a member prevented from attending the meeting.

- (iii) No member will be allowed to carry crude weapons to the General Meetings.
- (iv) All members will be expected to use decent language while addressing each other at the General Meetings. Any Member found using insolent language against the other may be compelled to leave the meeting for lack of discipline.
- (v) No heckling of any nature likely to distract a member's participation / contribution at the meeting will be allowed.

34. NOTICE OF MEETINGS.

- (i) The General meeting shall be convened by giving at least fifteen (15) days' notice to the members.
- (ii) The Honorary Secretary shall ensure that each member receives the notice either through SMS, Email or any other means decided by the General Meeting, provided that a written copy of the notice shall be posted at the cooperative's notice board and a copy given to the relevant authorities.
- (iii) All notices of the meeting shall include a statement of the business to be dealt with at the General Meeting.

35. QUORUM

- (i) Except when convened by the Commissioner, the presence of at least members or 25% of the membership, whichever is the less shall constitute a quorum for a General Meeting to take place.
- (ii) When a quorum is not attained the chairman shall adjourn the meeting and shall fix another date within one month of the adjourned meeting, which shall be advertised as prescribed in these By-laws. If a quorum is not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

36. ELECTIONS

- (i) With every notice of the General Meeting convened where elections are to be held, the Management Committee shall notify the Members of the vacancies arising in the Management Committee and the Supervisory Committee.
- (ii) During elections, the Returning officer shall call for nominations from the floor. Each candidate must have a proposer and a seconder.
- (iii) At the elections, Members shall decide, by majority vote, the method of voting, which may be by secret ballot or show of hands.
- (iv) No Member shall be entitled to vote by proxy, but if preferred a Member can be elected in absentia.
- (v) Irrespective of the number of shares held, no Member shall have more than one vote.
- (vi) Within fourteen (14) days of the elections, the Honorary Secretary shall forward the names and addresses of all persons elected to the Commissioner.

37. THE MANAGEMENT COMMITTEE

- (i) The Management Committee shall be the governing body of the Society, elected from the general membership and shall consist of members.
- (ii) The Management Committee shall include the Chairperson, Vice Chairperson, Treasurer and Secretary all of whom shall be elected by the Committee from amongst themselves.
- (iii) Members of the Committee shall hold office for a period of three years provided that, one-third of the Committee Members shall retire every year, with the Chairperson and Vice Chairperson retiring in the third year but will be eligible for re-election.
- (iv) Where the membership of the committee falls below five the Committee shall co-opt a qualified member(s) into the Committee until the next General Meeting

38. ELIGIBILITY FOR MEMBERSHIP TO THE COMMITTEE

No person shall be eligible for membership in the Committee of the cooperative, or remain a member of such a Committee if one:

- (i) Is not a member of the cooperative.
- (ii) Is under eighteen years of age.
- (iii) Is unable to read and write in either English or Kiswahili.
- (iv) Receives any remuneration, salary or other payments from the cooperative save as provided for in these By-laws.
- (v) Is a Committee Member for two other Societies.
- (vi) Is actively involved in political affairs of any party or general elections.
- (vii) Has not, within thirty days of being appointed, declared her wealth to the Ethics Commission for Cooperative Societies in the prescribed manner.
- (viii) Has not filed her indemnity within fourteen days of her election.
- (ix) Is an undischarged bankrupt;
- (x) Is of unsound mind;
- (xi) Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
- (xii) Has been convicted of any offence under the Act or Rules made thereunder.
- (xiii) Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under these By-laws.

39. MANAGEMENT COMMITTEE MEETINGS

- (i) Meetings of the Committee shall be held at least once a month subject to a maximum of 15 meetings in a year. At least five (5) of the total number of committee members shall form a quorum for the

disposal of business.

- (ii) If a Member of the Committee fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform her duties, her position may be declared vacant and filled as provided for in these By-laws.

40. RECORD OF BUSINESS OF THE MANAGEMENT COMMITTEE

- 1.** All business discussed and decided at the Management Committee Meeting may be recorded electronically but within one week of the meeting, a printed copy shall be signed by the Chairman of the meeting and one Committee member present at the meeting.
- 2.** At the next meeting printed copies of the minutes will be availed to members, and after approving any alterations or variations which shall be immediately written below the signatures and not as alterations to the original record, the meeting shall by resolution authorize the Chairman to sign and date the final record.

41. DUTIES AND POWERS OF THE MANAGEMENT COMMITTEE.

The Management Committee being the governing body of the Society shall subject to any directions from the General Meeting, direct the affairs of the Society.

In particular, the Management Committee shall:-

- 1.** Observe in all its transactions the Act, the Rules, these By-laws and prudent business practices.
- 2.** Enter into contracts on behalf of the Society
- 3.** Institute and defend suits and any other legal proceedings brought in the name of or against the Society.
- 4.** Act upon all applications for membership.
- 5.** Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, capital reserves, liabilities, and income and expenditure;
- 6.** Ensure that annual recurrent and capital budget estimates are prepared and presented to the General Meeting for approval;
- 7.** Propose to the General Meeting the amount of Indemnity for Members of the Committee and employees handling funds or property of the

Society.

- 8.** Determine and recommend to the General Meeting the interest rates on loans, deposits, maximum maturities and terms of payment or amortization of loans to Members from time to time. When by action of the Committee, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances or existing loans;
- 9.** Cause the audited accounts to be displayed in a conspicuous place at the Society's registered office and branches as least two weeks (14 days) before presentation to Members at the General Meeting;
- 10.** Present to the General Meeting for adoption and approval, audited accounts and balance sheet together with proposals for the disposal of net surplus, if any;
- 11.** Recommend to the General Meeting the dividend rate to be paid on shares, and bonus to be paid on patronage if any;
- 12.** Fill through co-option vacancies arising in the Management Committee between General Meetings;
- 13.** Recommend investments of the Society;
- 14.** Authorize the conveyance of property;
- 15.** Authorize borrowing and lending operations of the Society in accordance to the Act and the Rules;
- 16.** Designate a depository or depositories for the funds of the Society;
- 17.** Employ staff and fix their remuneration in accordance with the terms and conditions of service as approved by the Commissioner;
- 18.** Provide adequate budget for education and training of Members, the Committee and Staff;
- 19.** Impose fines as provided for in these By-laws;
- 20.** Approve transfer of shares between Members;

- 21.** Supervise the recovery and collection of loans to Members and recommend to the General Meeting the write off of uncollectible debts.
- 22.** Perform or authorize any actions consistent with the Act, the Rules and these By-laws, unless if they are specifically reserved for the General Meeting;
- 23.** Perform such other duties as the General Meeting may from time to time direct.

42. LEGAL STANDARD OF CARE

In the conduct of the affairs of the Society, the Members of the Committee shall exercise the prudence and diligence of ordinary persons of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, the By-laws and / or the directions of the General Meeting.

43. EXPENDITURE

No expenditure shall be authorized by the Management Committee unless it is provided for in the estimates formally approved by the General Meeting.

44. INDEMNITY

All Committee Members shall each provide an indemnity of an amount approved by the Annual General Meeting. A duly completed Form V in the schedule to the Rules and shall be lodged with the Commissioner within 14 days upon election of the Committee.

45. DECLARATION OF WEALTH

Every Committee Member shall within thirty days of being elected declare his wealth in the prescribed manner.

46. SUB-COMMITTEES

- 1.** Sub-Committees shall consist of persons drawn from the Management Committee.
- 2.** The Management Committee may delegate to the Sub-

Committees part of its duties under these By-laws as it deems fit.

3. The Sub-Committee shall convene as directed by the Management Committee, and shall be answerable to the Management Committee in all of their undertakings.

47. DELEGATION TO EMPLOYEES

1. The Management Committee may delegate through the Manager to any employee of the Society such duties as it may deem fit.
2. Nothing in (i) above shall absolve the Committee from its responsibility of running the affairs of the Society in a proper and businesslike manner.

48. THE EXECUTIVE OFFICERS

The Chairperson, the Vice-Chairperson, the Treasurer and the Honorary Secretary shall be termed as the "Executive Officers" of the Society and shall be elected at a meeting of the Management Committee within seven days of the General Meeting.

49. THE CHAIRPERSON

The duties of the Chairperson are,

1. To preside over at meetings of the Members, Management Committee and joint meetings with the Supervisory Committee,
2. Sign all accountable Society's documents,
3. To generally oversee the smooth running of the Society.
4. To perform such other duties as may be directed by the Management Committee, which is not inconsistent with provisions of the Act, the Rules and these By-laws.

50. THE VICE CHAIRPERSON

The duties of the Vice Chairperson are;

- i. In the absence of the Chairperson, the Vice Chairperson shall

- perform the duties of the Chairperson,
- ii. Preside over at Education Sub-Committee meetings,
 - iii. Perform such other duties as may be directed by the Management Committee.

51. HONORARY SECRETARY

The duties of the Honorary Secretary are:

1. To cause minutes of the General Meetings, Management Committee meetings, and joint meetings with the Supervisory Committee to be recorded accurately,
2. To ensure that notices of all meetings are prepared and sent out in goodtime,
3. To ensure that the Society's correspondence is promptly and correctly attended to,
4. To cause to be kept the Society seal under lock and key.
5. To perform such other duties as may be directed by the Management Committee.

52. TREASURER

The duties of the Treasurer shall be:

1. To manage or cause to be managed the financial affairs of the Society in a competent manner;
2. To ensure that a proper record is kept of all monies received and paid out by the Society, its assets, liabilities, capital reserve and its income and expenses;
3. To ensure the safekeeping of the Society money, securities and books of accounts;
4. To ensure that all payment and expenditures are duly authorized and documented;

5. To ensure that within ten days after the closure of each month, a financial statement showing the condition of the Society finances at the end of the preceding month is prepared and submitted to the Management Committee for discussion;
6. To ensure compliance with all directions of the Management Committee, the Act, the Rules and these By-laws on all financial matters,
7. To ensure that sufficient funds are available for operations and on lending to Members and advise the Steering Committee in the event of insufficient funds,
8. To perform such other duties as may be directed by the Management Committee.

53. EDUCATION & TRAINING SUB-COMMITTEE

The Education Sub-Committee shall consist of three Members, the Vice-Chairman who shall be the Chairman, and two other Members, drawn from the elected Committee Members.

Its duties shall be:

1. To plan and organize for education programmes for Members, Committee Members, Staff and the General Public.
2. To ensure that both the Committee Members and the Staff are well trained and prepared for the tasks they are entrusted with by the Society.
3. To create Cooperative awareness to the general public.
4. To file regular reports with the Management Committee on its operations

54. TENDER SUB-COMMITTEE

The Tender Committee shall comprise of 3 members one of whom shall be from the Management Committee, and shall be answerable to the full Management Committee.

55. SUPERVISORY COMMITTEE

1. The Society shall have a Supervisory Committee consisting of three Members all elected at the General Meeting for a period of three years, one Member of the Supervisory Committee shall retire annually.
2. No person who has been in the Management Committee within two (2) years preceding the date of the anticipated election shall be eligible for membership of the Supervisory Committee.
3. The Supervisory Committee shall not perform the duties or exercise any of the powers of the Management Committee.
4. Supervisory Committee meetings shall be held quarterly, followed by joint meetings with the Management Committee.
5. Members of the Supervisory Committee may be required to have proven knowledge of accounts.
6. Members of the Supervisory Committee may be removed by a resolution of the General Meeting.

56. CREDIT COMMITTEE

The credit committee shall consist of three members of the Board. Its duties among others shall be to: -

- (i) Ensure establishment and review of appropriate credit policy consistent with the relevant provisions of the Regulations and these by laws.
- (ii) Ensure that the problem loan accounts are adequately identified and classified as prescribed in the Regulations.
- (iii) Ensure adequate provisions for potential loss is maintained.
- (iv) Review periodic credit and loan portfolio reports of the Sacco society before submission to the board.
- (v) Vet loan applicants and their guarantors and their ability to service their credit requirements.
- (vi) Assist members solve their financial problems.
- (vii) Forward its loan recommendations to the board for approval

The committee shall hold regular meetings as the business of the society may require, but at least once a month and shall maintain records of their deliberations

57. DUTIES OF THE SUPERVISORY COMMITTEE

The Supervisory Committee will be the Society's overseers;

1. To generally countercheck, the effectiveness of the Society's internal control systems through:-
 - (i) Carrying out investigations as may be necessary for the wellbeing of Society and Members in general.
 - (ii) Verifying the accuracy of the transactions of the Society.
 - (iii) Checking if cash and bank accounts are reconciled in goodtime.
 - (iv) Establishing whether the management of the Society use managerial tools i.e. budgets, trial balances, economic reports and others.
 - (v) Making the necessary recommendations to the Management Committee.
2. To ensure that they submit their report to the Commissioner or his representative.
3. To prepare periodic reports of its findings and present them to the Management Committee during Joint Committee Meetings.
4. To prepare reports for presentation to the General Meetings respectively. The Supervisory Committee shall be held liable for any loss incurred due to their negligence in performing their duties.

58. SUSPENSION FROM THE MANAGEMENT COMMITTEE

1. The Commissioner may suspend from duty any Committee member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
2. The majority of Committee members may for a good cause suspend

a Committee member subject to ratification by the General Meeting.

59. REMOVAL FROM THE MANAGEMENT COMMITTEE.

A Management Committee member shall cease to hold office if;

1. He/ She ceases to hold the qualifications of a Management Committee Member as specified in the Act, Rules and these By-laws;
2. She is removed by the Commissioner under the provisions of the Act;
3. She is voted out by a two-thirds (2/3) majority of the Society Members present and voting at the General Meeting.

60. THE MANAGER

1. The Manager shall conduct the business of the Society subject to the overall control of the Management Committee.
2. He shall be an Ex-officio member of all Committees.

61. DUTIES OF THE MANAGER.

The Manager shall;

1. Advise the Management Committee and the Sub-Committees in developing, presenting for approval and implementing the policies and programmes of the Society.
2. Supervise the work of all staff and ensure that the business of the Society is conducted in a proper and professional manner.
3. Ensure that proper books of accounts, records and returns are kept and that regular financial, statistical and operational information is prepared and submitted to the Management Committee, the relevant Sub- Committees and to the Commissioner.
4. Be responsible for the security of the funds and assets of the Society.
5. Ensure that all statutory deductions (e.g. NSSF, NHIF and PAYE etc.) are correctly calculated, all the amounts due and the necessary

returns are submitted by their due dates to the relevant authorities.

- 6.** Ensure that rent, rates, levies and debts due from and to the Society are paid by the due dates.
- 7.** Recommend to the Management Committee the employment, promotion, discipline of, and / or dismissal of any staff member who is not performing his duties properly.
- 8.** Countersign all the society's' accountable documents.
- 9.** Perform such other duties as may be assigned to him by the management committee.

62. BOOKS AND RECORDS

The Society shall keep up-to-date and in a proper businesslike manner such accounts and such books as the Act, the Rules and as are required of a Cooperative Society, and in particular shall keep the following books:-

- 1.** A Register of Members showing in respect of each Member:
 - Name,; age; date of application for membership; address and occupation;
 - Date of admission,
 - Name and particulars of his/her nominee,
 - Date he/she ceased to be a Member,
 - Any other information as required by the Society.
- 2.** Minute books giving details of proceedings of Management Committee meetings, Joint Management and Supervisory Committee meetings, Supervisory Committee meetings and all other committee meetings held in accordance with these By-laws.
- 3.** Minute book giving details of proceedings at the General Meetings.
- 4.** A cashbook showing the details of all monies received or paid out by the Society.

5. A general ledger containing such accounts as is necessary to reflect the business of the Society.
6. A personal ledger for each member showing his transactions with the Society.
7. An assets (property) register.
8. A register of loans, if disbursed, to Members showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, the due date of repayments and the date repayments were completed.
9. A register of members' shareholding
10. Such other books and records as the management committee may decide or that the Commissioner may prescribe.

63. PURCHASE OF LAND

Subject to such resolution as the General Meeting of Members may from time to time pass, the Committee shall have full power to do all things which it deems necessary and expedient for the accomplishment of all the objects specified in these By-laws, including power to purchase, hold, sell, exchange, mortgage, rent, lease, sub-lease, buy, sell, install and maintain renewable energy systems, equipment and machinery, land or buildings for its own use.

64. SOCIETY PROPERTY

Any immovable property acquired and held by the Society shall be registered in the name of the Society.

65. AUTHORITY OF THE COMMITTEE

It shall be mandatory for the Committee to,

1. Buy land leasehold or freehold, and buildings either from or through government or otherwise.
2. Ensure maintenance of the facilities for lighting and power and such other similar works of common utility at a cost to the Members.

3. The Members shall pay an administrative levy to the Society (other than government fees) for processing of ownership documents for sites sold or leased to them on such terms as the Management Committee may determine from time to time.

66. LEGAL ACTION

The Co-operative Society shall have the ability to institute and defend suits and other legal proceedings brought in the name of or against the Co-operative Society and to do all things necessary for the purpose for which it is constituted.

All powers of Attorney and other powers in connection therewith shall be signed by the Executive Officers of the Society in accordance with these By-laws.

67. REGULATIONS

1. The Management Committee may make such regulations, as they deem necessary for the conduct of the Society's business, provided such Regulations are not inconsistent with these By Laws. In the event of such inconsistency, these By Laws shall prevail.
2. Any such regulations shall be recorded in the minute books and shall be posted on the Society's notice board, and shall come into force when and as determined by the Committee.
3. The Society shall formulate a code of conduct for good governance.

68. AUTHORIZATION TO SIGN DOCUMENTS

1. Unless declared otherwise by General Meeting, all documents, contracts and cheques shall be signed on behalf of the Society by any three of the following Executive Officers:
 - i. Chairperson;
 - ii. Vice Chairperson;
 - iii. Secretary

iv. Treasurer.

2. The Manager shall countersign all the documents.

69. LIEN

1. The Society shall have a first charge on the shares or interest in the capital and deposit of a Member or past member and on any dividend bonus or accumulated funds payable to a Member or past member in or towards payment of any such debt, but such lien may not be considered as security when making a loan to a Member.
2. For the purpose of enforcing any such lien, the Management Committee may sell the share subject thereto in such manner as it may think fit. However, no sale shall be made until a fourteen days notice in writing of the intention to sell is served on the Member in default of payment, fulfillment or discharge of such debt, liabilities or engagement.
3. The net proceeds after payment of costs shall be applied in or towards satisfaction of the debts, liabilities or engagements of the Member to the Society and the residue shall be paid to the Member or his executors, administrators or assignees.
4. In the event of the net sale proceeds proving insufficient, the liability to that extent shall continue.

70. RIGHT OF COMMITTEE

Upon any sale enforcing lien in the purported exercise of the powers here in before given, the Management Committee may appoint a qualified person to execute any instrument of transfer of the shares sold and cause the purchasers name to be entered in the register. The purchaser shall not be bound to see to the regularity of transfer of such shares. The validity of the sale shall not be impeached by any person.

71. FINANCIAL YEAR

The financial year of the Society shall be **1st January** to **31st December**.

72. DISPOSAL OF SURPLUS FUNDS

Subject to the Act and approval by the General Meeting, the net surplus

resulting from operations of the Society during any financial year shall be disposed as follows:

1. 20% shall be credited to the Reserve Fund.
2. The balance may be disposed off as decided by the General Meeting for:
 - i. Paying dividend or interest on shares / deposits or bonus on patronage at a rate decided by the General Meeting.
 - ii. Being forwarded to an Education Fund or any other fund or funds of the Society including the appropriations.
 - iii. Paying honorarium to the Committee and Staff where necessary.
 - iv. In any other way approved by the General Meeting.

73. LOANS SCHEME

- i. Notice shall be given to all Members when the Society intends to start a loan scheme.
- ii. All schemes of loans to Members by the Society and through institutions shall be subject to approval by the General Meeting.

74. APPLICATION AND GRANTING OF LOANS

- i. All loans shall be applied for on application forms.
- ii. Loans shall be considered in the order in which the application is made.
- iii. No loan shall be given unless the applicant attaches the necessary documents in support of the application.
- iv. Where a certain fixed sum is available for loans, no loan to one Member shall be for more than one tenth (1/10) of this sum.
- v. No loan shall be granted which in the opinion of the Committee will not benefit the borrower in the immediate future or violates the object of the Society.

- vi. No loan shall be granted except for a specified and approved purpose, for a definite period of time and at a definite rate of interest.
- vii. Any request for an extension of time in which to pay shall be agreed to only in most exceptional circumstances. The extension granted shall be treated as though it were a new loan and a new agreement shall be signed.

75. SECURITY FOR LOANS

The Credit Committee shall require the member to give the following securities for loans:

- a) The salary of a member
- b) The salary of guarantor(s)
- c) Any other security as it may consider necessary.

The application form shall clearly state the amount of the loan, the rate of interest, the date of full repayment and the purpose of the loan, and the nature of the security provided which shall be mandatory.

The value of the member's assets and income shall be put into consideration while granting loans.

The value of guarantors' assets shall constitute part of security. Provided that;

- a. The Committee shall not accept as guarantor a Member who is himself in receipt of a loan and has already guaranteed four (4) loans or is listed in the Credit reference Bureau (CRB).
- b. A borrower or guarantor may apply to the Committee for a change of guarantor, and the Committee shall not unreasonably withhold its consent.
- c. Any loan from the Society overdue for payment for more than three months shall be referred to the guarantors for recovery.
- d. The Society shall give notice of such intention to the borrower and guarantors.

76. REPAYMENT OF LOANS

Loans shall be repaid according to the terms in the loan application form.

- i. A borrower may, on any day which the Society is open for business, repay his loan in whole or part prior to its maturity, subject to approval of the Management Committee.
- ii. Any request for an extension of time to pay, shall be agreed by the Management Committee only in most exceptional circumstances.
- iii. Provided such extension shall not result in financial losses to the Society.
- iv. Any extension so granted shall be treated as though it was a new loan and an extension agreement shall be executed and signed.

77. CASH RESERVE

Except as otherwise authorized by the General Meeting, a cash reserve shall be maintained of not less than 10% of total share capital for the specific purpose of meeting requests for deposit withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the current account, the Society's savings account and fixed deposits.

78. COMMON SEAL

The Society shall adopt and use a common seal.

- i. The seal shall have an imprint bearing the words "**seal of RELIANCE AUTO WORKER Cooperative Society Limited**" and shall be different from the ordinary name stamp of the Society.
- ii. The seal shall be kept securely under lock and key by the Manager and be used only in the presence of the officers authorized to sign documents on behalf of the Society.

79. FINES

- i. For any breach of these By-laws or lawful instructions issued by the Management Committee and General Meeting, or failure of a Member to pay her obligations on time, the Member shall be fined an amount not exceeding Kshs. **20,000/=**

- ii. Written notice of intention to impose the fine and the reason therefore shall before imposition of such fine be served on the member.
- iii. The Member shall have an opportunity of showing cause why the fine should not be imposed and if she so desires, of being heard with or without witnesses.

80. DISPUTES

Any dispute concerning the business of this Cooperative Society arises: -

- i. Among Members, past members and persons claiming through Members, past members and deceased members; or
- ii. Between Members, past members or deceased members, and the Society, its Committee or any Officer of the Society; or
- iii. Between the society and any other co-operative society; and which cannot be determined by the Committee or General Meeting or Alternative Dispute Resolution (ADR) mechanism, shall be referred to the Tribunal. Appeals from the aggrieved party shall be referred to the High Court.

81. INSPECTION OF DOCUMENTS

- i. All books of accounts and other records shall at all times be available for inspection to all Members of Management Committee, the Supervisory Committee, and to the Commissioner or the Authorized Representative.
- ii. A copy of Act, the Rules, these By-laws, the Society's Registration Certificate, and a list of Members excluding details of nominees and shareholdings or loans shall be available for inspection by any Member and any other stakeholder upon payment of the prescribed fees.

82. DISSOLUTION

The Society may be dissolved in accordance with the procedures set forth in Act and the Rules.

83. MISCELLANEOUS

- i. No Member of the Management Committee, Supervisory Committee shall receive from the Society any payment apart from sitting allowance, actual cost of travelling and subsistence allowance while working on the Society's business, except an honorarium from the net surplus as allowed in these By- laws.
- ii. The Management and Supervisory Committee Members and employees of the Society shall hold in the strictest confidence all transactions of the Society with its Members.
- iii. When any Management Committee member is disqualified or is unable to perform his duties, the Committee may co-opt a Member or Members of the Society to serve on the Committee until the next General Meeting.
- iv. No member of the Management Committee, Supervisory Committee member or employee of the Society shall in any manner participate in the deliberations and determination of any question affecting his own financial interest. In the event of any disqualification of any such office bearer, executive officer, committee member or employee, he shall withdraw from such deliberation or determination, and the remaining qualified Committee Members present at the meeting, if constituting a quorum without the disqualified person may exercise, with respect to the matter, all powers of the Committee.
- v. A copy of these By-laws shall be furnished to every Member who joins the Society or on request upon payment of a fee not exceeding its actual cost to the Society.

84. AMENDMENT OF BY-LAWS

- i. These By-laws may be amended in accordance with the Act and the Rules but no amendment shall become effective until it is approved by the General Meeting and registered by the Commissioner.
- ii. Amendment herein shall include the making of a new By-law and the variation or revocation of an existing By-law.

85. ACCEPTANCE

We the undersigned Executive Officers of **RELIANCE AUTO Worker Co-operative Society Limited** named herein do hereby accept and receive these By-laws for and on behalf of the Society.

TITLE	NAME	ID	SIGNATURE
CHAIRPERSON
VICE CHAIRPERSON
SECRETARY
TREASURER

OFFICIAL CERTIFICATION

I certify that the foregoing By-laws of **RELIANCE AUTO Worker Co-operative Society Limited,**

have been approved and duly registered.

Given under my hand at Nairobi this Day of 20.....

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT